

October 24, 2012

Mr. James Rajotte  
MP, Chair of the Standing Committee of Finance  
**Parliament of Canada**  
House of Commons  
131 Queen Street  
6th Floor  
Ottawa, ON K1A 0A6  
Canada

***Re: Written Submission Expressing the Concerns of the Colleges of Applied Arts & Technology Pension Plan Regarding Bill C-377, an Act to Amend the Income Tax Act (Labour Organizations)***

Dear Mr. Rajotte,

I am writing to you on behalf of the Board of Trustees and Sponsors' Committee of the Colleges of Applied Arts & Technology (CAAT) Pension Plan regarding concerns with Bill C-377 were it to be passed in its current form.

Bill C-377, through its definition of "labour trusts" would affect all Canadian pension and retirement plans where some or all of its members are represented by a union. As a result, any pension or retirement plan with unionized members would be required to disclose certain financial information in respect of the plan, including personal financial information concerning plan beneficiaries and others, which in turn would be publicly disclosed under the process envisaged by Bill C-377.

Pension and retirement plans already operate in a highly regulated environment with a view to ensuring accountability. The additional disclosure requirements that Bill C-377 would impose on pension and retirement plans are unwarranted and costly. If passed, the Bill could result in the public disclosure of both private information and commercially sensitive information. Such effects on pension and retirement plans would be contrary to (i) the government's initiatives to promote effective retirement savings by Canadians, and (ii) the government's respect of individuals' personal privacy.

It is our submission that this Bill should not be passed in its current form. If this Bill is to be passed, we respectfully request that the government take steps to ensure that it has no application to pension and retirement plans, including registered pension plans.

## **CAAT Pension Plan**

The CAAT Pension Plan provides employees of Ontario's community colleges and related employers with defined benefit pensions that are financed by equal contributions from members and employers. The Plan is appropriately funded and well managed. At the end of 2011 the Plan had 20,500 active members, 12,100 pensioners and 1,100 deferred pensioners.

The CAAT Pension Plan is an independent organization that is jointly sponsored and governed through its Sponsorship & Trust Agreement with members and employers having equal representation on the Plan's governance bodies. The Plan has three sponsors – Colleges Ontario on behalf of the twenty-four college boards of governors, the Ontario College Administrative Staff Association (OCASA) and the Ontario Public Service Employees Union (OPSEU) who appoint representatives to the Plan's governance bodies.

As a registered pension plan, the CAAT Pension Plan is registered with the Canada Revenue Agency and is subject to all of the applicable reporting requirements and restrictions under the *Income Tax Act* (Canada). Furthermore, as a plan based in Ontario, the CAAT Pension Plan is registered with the Financial Services Commission of Ontario and is subject to the *Pension Benefits Act* (Ontario). This legislation provides for various requirements, including annual audits of the plan fund.

### **Specific Concerns:**

Our concerns on Bill C-377 include:

1. The definition of "labour trust" in the Bill has been drafted broadly and would capture any "trust or fund that is established or maintained in whole or in part for the benefit of a labour organization, its members, or the persons it represents". This definition would capture many private and public sector pension and retirement plans across Canada.
2. Pension and retirement plans are already subject to extensive reporting requirements and operate in a highly regulated environment with a view to ensuring accountability. In an era where governments across the country are looking at promoting efficient retirement savings, the imposition of additional and costly disclosure requirements, especially those that are not based on pension policy grounds, would be unwarranted burden on pension plans. In CAAT's situation, as a jointly governed and sponsored pension plan, union and employer appointees oversee the Plan and its fund, and are accountable financially to all of its stakeholders – members and employers.
3. When applied to pension and retirement plans, the type of information that would be reported would be detrimental to the plans and their beneficiaries. For example, the information that may need to be reported could include information such as fees paid for trades in investment managers, investment consultants, legal counsel, actuaries, and auditors etc. Some of the fee information is considered proprietary and could put a plan's reporting obligations under Bill C-377 into conflict with the very service providers it needs to administer the plan in an efficient and effective way.

4. Finally, and not to diminish its importance, the Bill raises serious privacy concerns both under privacy legislation and the fiduciary standards (which include a duty of confidence) under which pension and retirement plans operate. Whenever a plan were to make a payment of greater than \$5,000 to a beneficiary, Bill C-377 would require its disclosure, including the amount of the payment, the name of the individual to whom it is paid, and his or her address. This would capture many benefit payments. Simply put, this would be an unacceptable encroachment on an individual's private financial affairs.

## **Summary**

In summary, we submit that this Bill should not be passed in its current form. If this Bill is to be passed, we respectfully request that the government take steps to ensure that it has no application to pension and retirement plans, including registered pension plans.

We thank you for your time in reviewing our concerns. We would be pleased to provide further assistance or explanation as required.

Yours truly,

CAAT Pension Plan

A handwritten signature in black ink, appearing to read "Derek Dobson", written in a cursive style.

Derek Dobson  
CEO & Plan Manager